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FIDELITY MORTGAGE
EQUITABLE TRUST
CANADIAN-OWNED COMPANIES



ANNUAL REPORT/1973

FIDELITY
MORTGAGE
& SAVINGS
CORPORATION

THE
EQUITABLE
TRUST COMPANY

ANNUAL REPORT · 1973

HEAD OFFICE

39 James Street South, Hamilton, Canada

EXECUTIVE OFFICES

20 Hughson Street South, Hamilton, Canada

BRANCHES

HAMILTON:

Union Gas Bldg., 20 Hughson St. S.	-	-	H. B. Fullerton, Manager
Undermount Bldg., 143 James Street South	-	-	J. H. A. Myles, Manager

BURLINGTON:

502 Brant Street at Caroline	-	-	-	R. J. Rumble, Manager
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BRANTFORD:

28 Market Street at Dalhousie	-	-	-	D. J. Usselman, Manager
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GUELPH:

54 St. George's Square	-	-	-	O. Risebrough, Manager
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TORONTO:

360 Bay Street	-	-	-	-	D. Jacobs, Loan Officer
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OFFICERS AND DIRECTORS

OFFICERS**

President	-	-	-	-	-	-	SAM FOSTER ROSS, Q.C.
Vice-President	-	-	-	-	-	-	WILLIAM VANALEN HOLTON
Treasurer	-	-	-	-	-	-	WILLIAM ALAN MUIR, C.A.
Secretary	-	-	-	-	-	-	HUGH STRATHEARN HENDRIE
Mortgage Superintendent	-	-	-	-	-	-	FRED SMYTH PAUL
Superintendent, Savings and Branches	-	-	-	-	-	-	JAMES NEIL WALTON
Comptroller	-	-	-	-	-	-	ALAN JAMES SEAGO, C.A.
Supervisor, Trust Services	-	-	-	-	-	-	MICHAEL DENIS RYAN
Assistant Secretary	-	-	-	-	-	-	JAMES GRIBBEN MILLIGAN

DIRECTORS**

*FRANK WILTON BAILLIE	-	-	-	-	-	-	Oakville
President / Lawrence Motors (Davenport) Limited							
W. ALLAN CAMPBELL, Q.C.	-	-	-	-	-	-	Oakville
Partner / Hamilton, Torrance, Stinson, Campbell, Nobbs and Woods							
† DONALD EDWARD DUNN	-	-	-	-	-	-	Montreal
Vice-President — Finance / Henry Birks & Sons Ltd.							
HUGH STRATHEARN HENDRIE	-	-	-	-	-	-	Burlington
Vice-President / Wenagara Corporation Limited							
†*WILLIAM VANALEN HOLTON	-	-	-	-	-	-	Burlington
President / Glendale Spinning Mills Limited							
† JAMES ROBERT ALEXANDER LANGS	-	-	-	-	-	-	Hamilton
President / Long Credon Holdings Limited							
STEWART PHILP	-	-	-	-	-	-	Dundas
President / Philpco Investments Limited							
*JOHN HYSLOP LUXTON	-	-	-	-	-	-	Kitchener
Investment Counsel							
MURRAY PROCTOR	-	-	-	-	-	-	Waterdown
President / Murray Proctor Industries Limited							
†*SAM FOSTER ROSS, Q.C.	-	-	-	-	-	-	Dundas
Partner / Ross & Robinson							
HENRY GEORGE THODE, C.C., Ph.D., F.R.S.	-	-	-	-	-	-	Lynden
Professor of Chemistry / McMaster University							
*ROBERT THOMSON	-	-	-	-	-	-	Montreal
Financial Consultant							

*Member of Executive Committee

†Member of Audit Committee

**The officers and directors of Fidelity Mortgage and Savings Corporation and The Equitable Trust Company are the same persons.

FINANCIAL HIGHLIGHTS

for the year ended December 31, 1973



	1973	1972
Assets Owned	\$68,117,188	\$50,299,109
Estates, Trusts and Agencies under Administration	12,857,287	9,631,162
Total Assets	80,974,475	59,930,271
Cash and Securities	8,223,009	6,425,401
Mortgages	56,003,415	41,381,446
Deposits, Debentures and Guaranteed Investment Certificates	62,538,216	46,362,526
Operating Income for year	533,762	461,637
Operating Income for year—per share	\$1.05	\$.95
Provision for Income Taxes—total	275,200	227,600
Provision for Income Taxes—per share	\$.54	\$.47
Net Income for year	257,912	233,555
Net Income for year—per share	\$.51	\$.48
Dividends	91,125	67,376
Dividends per share	\$.18	\$.14
Shareholders' Equity	3,417,441	2,755,654

FIDELITY MORTGAGE AND EQUITABLE TRUST WERE FEDERALLY INCORPORATED BY SPECIAL ACT OF THE PARLIAMENT OF CANADA AND BY LETTERS PATENT RESPECTIVELY, AND EACH IS LICENSED BY THE MINISTER OF FINANCE AND IS UNDER FEDERAL SUPERVISION.

BOTH FIDELITY MORTGAGE AND EQUITABLE TRUST ARE MEMBERS OF THE CANADA DEPOSIT INSURANCE CORPORATION.



It is with pleasure that we submit for your information and consideration our Annual Report for 1973, including the consolidated audited financial statements of Fidelity Mortgage and of Equitable Trust.

Results of Operations and Net Income

Having in mind the fact that rising interest rates, particularly in the short term deposit area, have adversely affected our profits, the year's results, as a whole, have been satisfactory. After deducting all normal expenses and costs (including depreciation and amortization) our consolidated operating income for 1973 amounted to \$533,762 which compares with \$461,637 for 1972, an increase of approximately 16% for the year. From such operating income there has been deducted by way of provision for income taxes our actual income tax liabilities for the year amounting to \$181,200 and a provision for future income taxes of \$94,000 as well as a small deduction for minority interest in The Equitable Trust Company, resulting in a net income for the year of \$257,912, which compares with \$233,555 for 1972, an increase of 10% for the year, and which is equivalent to 51c per share compared to 48c per share for 1972.

Asset Growth

Our assets as at 31st December 1973 (not including estates, trusts and agencies) amounted to approximately \$68.1 million, which represents a 36% increase for the year. Total assets, including estates, trusts and agencies, showed an increase to approximately \$81 million (31st December 1972—\$59.9 million).

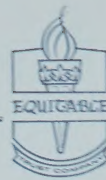
\$495,000 of the growth in our assets resulted from the outstanding 125,000 partly paid shares of our Capital Stock being paid up in full in December by our principal shareholder First Hamilton Corporation, the holder of such shares. The resulting increase in the shareholders' equity has provided additional borrowing capacity to the Company which will produce additional asset growth during 1974.

Analyses of Investments and Debenture and Guaranteed Investment Certificate Maturities

As in previous years and in accordance with our established policy, our Annual Report again contains analyses of our investments and debenture and guaranteed investment certificate maturities prepared and reported upon by our auditors. These audited analyses are set forth in detail on pages 14 to 17 of this report.

Deposits, Debentures and Guaranteed Investment Certificates

Demand and short term deposits by the public increased during the year by approximately 22% to \$19.7 million (31st December 1972—\$16.1 million) and the amount of our outstanding debentures and guaranteed investment certificates increased by approximately 40% to \$42.8 million (31st December 1972—\$30.2 million). Taken together, the increase in our borrowings by way of deposits, debentures and G.I.C.s during the year was approximately 35% to \$62.5 million (31st December 1972—\$46.4 million).



Mortgage Portfolio

Our mortgage portfolio showed a net increase for the year of approximately 35% (1972—29%) and continues in excellent condition. In 1973 mortgage interest rates declined during the first two quarters but stiffened and rose during the third quarter. In the final quarter mortgage interest rates remained steady and this situation has continued into 1974. The overall yield of our mortgage portfolio held fairly well during 1973 but showed a decline by year end to 9.49% (31st December 1972—9.72%).

A five year comparative percentage breakdown of our mortgage portfolio with respect to class of security and aggregate loan amounts, number of loans, average size of loan and portfolio yield is as follows:

Class of Security	1969	1970	1971	1972	1973
Single family dwellings ..	73.9%	65.7%	63.2%	60.9%	62.4%
Multiple dwellings	17.0%	25.6%	28.3%	31.2%	27.8%
Commercial and Industrial	9.1%	8.7%	8.5%	7.9%	9.8%
	100%	100%	100%	100%	100%
Number of loans	1,175	1,337	1,548	1,776	2,119
Average size of loan	\$15,987	\$18,641	\$20,557	\$23,131	\$26,257
Portfolio Yield	9.13%	9.89%	9.84%	9.72%	9.49%

Results of The Equitable Trust Company for 1973

We are pleased to report that the operations of The Equitable Trust Company for 1973 again provided an increased operating income before taxes (\$89,940 for 1973 compared to \$63,497 for 1972) and an increased net income after taxes and all other charges (\$43,940 for 1973 compared to \$32,597 for 1972). These results are included in our consolidate financial statements.

During the year the Equitable's trust operations continued to expand, and increases in will appointments, estate and trust administration and agency operations were achieved resulting in a total volume of estates, trusts and agencies under administration at year end of \$12.9 million compared with \$9.6 million for 1972. This increase resulted from the joint efforts of both Head Office and Branch Managers. This portion of the Equitable's business should continue to grow satisfactorily and become a continuing and increasing source of profit. In particular we are benefiting from the increasing interest of the public in Registered Retirement Savings Plans and results thus far in 1973 are very satisfactory.

Fidelity Mortgage-Equitable Trust Office Tower

Construction of this fifteen storey office tower which will house our Head Office and our Main Hamilton Branch is proceeding very satisfactorily. With good fortune, our Main Branch will open for business on the main floor in the month of May and the office tower will be available for tenant occupancy by mid-summer.



Tenant interest is excellent and leasing operations are proceeding in a satisfactory manner. We are hopeful that a good portion of the tower will be leased by the end of 1974. Construction and other costs to date are within 3% of our forecasts and this position should continue to completion. We and our partners in this joint venture, First Hamilton Corporation and Henry Birks & Sons Limited, are pleased with progress to date and expect the project to be a satisfactory investment over the years.

Investment in Real Estate Holding Company

In December a real estate holding company bearing the name Fidelity Real Estate Holdings Limited was incorporated as a wholly owned subsidiary. This type of investment is allowed under recent amendments made to the Loan Companies Act. Such company was incorporated for the purpose of acting as the real estate investment arm of the Company. Our plans for this company are being developed and we are hopeful that its real estate investment portfolio will provide satisfactory earnings over the years.

Executive Personnel and Directors

We are pleased to announce the appointment of William Alan Muir, C.A. as Assistant General Manager and Treasurer of the Company. Mr. Muir joined our Company as Comptroller in 1967 and has been Treasurer since 1969. In his new position Mr. Muir will be responsible directly to the President for the day to day operations of the Company. We plan to add at least one additional executive in Equitable Trust and two in Fidelity Mortgage to provide additional executive support in the expanding departments of these companies.

The Directors are indeed reluctant to report that because of the statutory age limitation of the Loan Companies Act one of our original Directors, John H. Luxton, is not eligible for re-election to the Board. Mr. Luxton served as Chairman of the Investment Committee of the Board continuously since the commencement of our business operations and on the Executive Committee. The Directors and Shareholders are in his debt for the wise and careful investment advice and counsel provided to us during his association with the Company. It was only fitting that the Board unanimously appointed him at the time of his retirement, the first Honourary Director of our Company.

As a successor to Mr. Luxton, the Directors are unanimous in recommending Mr. J. Ian Crookston, Chairman of the Board of Nesbitt, Thomson and Company, Limited, as a nominee for election to the Company's Board at the Annual Meeting. Mr. Crookston has a long association with our Company which commenced shortly after its incorporation and before the original underwriting of our shares which was done through his company. Since that time Mr. Crookston has been available for advice in financial and other related matters. Mr. Crookston's financial exper-



tise and long continuing interest in our Company's development will enable him to make a worthwhile contribution to the Board's deliberations and the Company's progress and we look forward to his association with us.

Outlook for 1974

Interest rates have been at their present levels since the late fall of 1973. We are concerned, however, that continuing inflation during 1974 will result in rising interest rates. Although the supply of money has been increasing during the past year, interest rates have continued high because of the fear of depreciating monetary values, and we feel that this trend might well continue at least for the balance of 1974. In this situation our main problem is to maintain reasonable interest spreads and operating margins in the face of increasing interest rates. It was with some difficulty that we were able to maintain reasonable spreads and margins during 1973. We will strive in 1974 to restore normal margins and spreads. This is not an easy task but we are optimistic. The Equitable Trust Company should continue to provide an increase to our net profit during the year, and we expect that our total assets will show a satisfactory increase.

In balance, all of the foregoing factors, if achieved, should favourably affect our overall operations for 1974 and unless unexpected and less favourable circumstances occur, our net income should continue to improve in 1974 at least at the rate of improvement achieved in 1973.

Dividends

During 1973 the rate of the annual dividend per share was increased from 14c to 18c. In January 1974 the quarterly dividend was increased from 4c per share to 5c per share and an extra dividend of 2c per share was paid. We expect that the increased quarterly dividend amount will be continued for the balance of the year.

In conclusion, I again publicly acknowledge the tireless, faithful and capable assistance and effort so cheerfully contributed by all employees of the Company during the past year.

Yours faithfully,

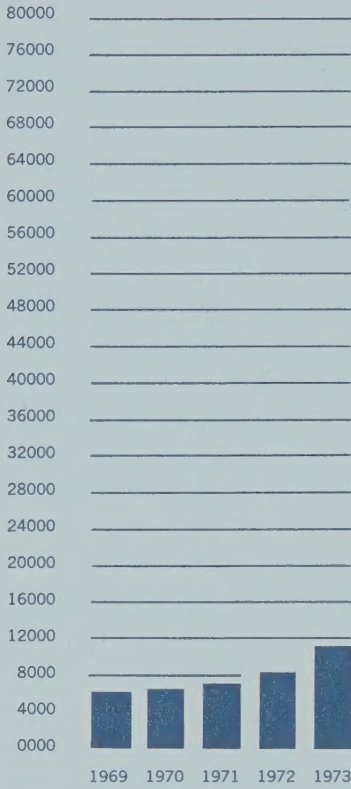
SAM FOSTER ROSS,
President.

On Behalf of the Board,
14th February 1974,
Hamilton, Canada.

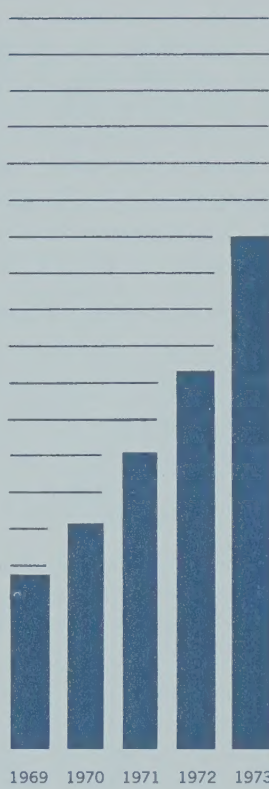


FIVE YEAR SUMMARY

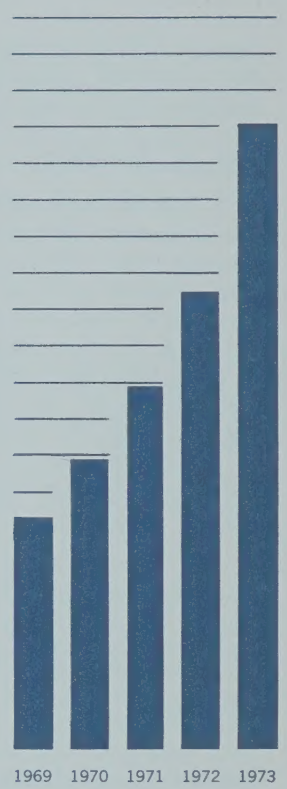
THOUSANDS OF DOLLARS



CASH, BONDS
& SECURED
DEMAND LOANS



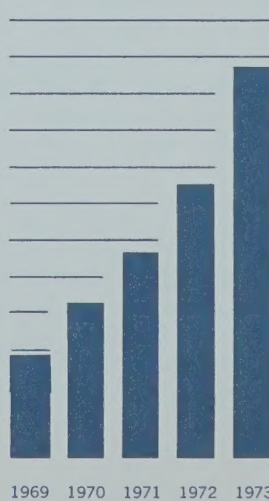
MORTGAGES



TOTAL ASSETS
OWNED



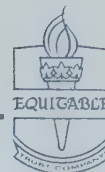
DEMAND DEPOSITS
AND DEPOSIT RECEIPTS



DEBENTURES AND
GUARANTEED INVESTMENT
CERTIFICATES



CAPITAL,
RESERVES &
SURPLUS



CONSOLIDATED STATEMENT OF INCOME

for the year ended December 31, 1973

	1973	1972
INCOME:		
Investments—Mortgages and other loans	\$ 4,733,639	\$ 3,528,949
—Securities	254,355	204,685
Fees and commissions	52,298	42,800
Other	78,991	39,529
	<u>5,119,283</u>	<u>3,815,963</u>
EXPENSE:		
Interest on deposits	3,541,794	2,469,360
Salaries and staff benefits	488,958	411,653
Depreciation and amortization	21,241	23,200
Other	533,528	450,113
	<u>4,585,521</u>	<u>3,354,326</u>
OPERATING INCOME BEFORE INCOME TAXES	<u>533,762</u>	<u>461,637</u>
PROVISION FOR INCOME TAXES:		
Current	181,200	127,200
Future	94,000	100,400
	<u>275,200</u>	<u>227,600</u>
NET OPERATING INCOME—before minority interest	<u>258,562</u>	<u>234,037</u>
Minority interest in net income of subsidiary	650	482
NET INCOME FOR THE YEAR (Note 5)	<u>\$ 257,912</u>	<u>\$ 233,555</u>



CONSOLIDATED BALANCE

ASSETS

	1973	1972
Cash and demand deposits	\$ 3,956,581	\$ 5,039,120
Securities—at cost		
Bonds (market: 1973—\$1,486,266; 1972—\$748,604)	1,603,477	788,270
Short-term notes	2,662,951	598,011
	<u>4,266,428</u>	<u>1,386,281</u>
Loans		
Demand loans	3,002,194	1,830,143
Mortgages	56,003,415	41,381,446
	<u>59,005,609</u>	<u>43,211,589</u>
Investments in land—at cost	583,617	412,500
Other assets—at cost	<u>186,132</u>	<u>120,184</u>
Fixed assets—at cost, less accumulated depreciation and amortization	118,821	129,435
	<u>\$68,117,188</u>	<u>\$50,299,109</u>

We hereby certify that we have examined the consolidated statement of affairs of the Companies and that to the best of our knowledge and belief such consolidated statement is correct and shows truly and clearly the financial condition of the Companies' affairs.

S. F. ROSS
W. V. HOLTON
H. S. HENDRIE

President
Vice-President
Secretary } Directors



LIABILITIES

	1973	1972
Deposits		
Demand	\$15,462,016	\$14,098,401
Deposit receipts	4,265,001	2,064,801
Debentures and Guaranteed Investment Certificates	42,811,199	30,199,324
	<u>62,538,216</u>	<u>46,362,526</u>
Other liabilities		
Unadvanced portions of mortgages	1,428,535	533,452
Income taxes payable	37,499	34,992
Other	303,087	314,725
	<u>1,769,121</u>	<u>883,169</u>
Minority interest in net assets of consolidated subsidiary	16,479	15,829
Provision for future income taxes	<u>375,931</u>	<u>281,931</u>

SHAREHOLDERS' EQUITY

Capital stock (Note 3)		
Authorized—1,250,000 shares of \$4 each		
—Issued and fully paid—618,750 shares		
(1972—493,750)	2,475,000	1,975,000
—Issued and 10% paid—Nil shares		
(1972—125,000)	—	50,000
	<u>2,475,000</u>	<u>2,025,000</u>
General reserve (Note 3)	800,000	600,000
Retained earnings (Note 4)	142,441	130,654
	<u>3,417,441</u>	<u>2,755,654</u>
	<u>\$68,117,188</u>	<u>\$50,299,109</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Fidelity Mortgage and Savings Corporation and its subsidiary, The Equitable Trust Company, as at December 31, 1973 and the consolidated statements of income, general reserve and retained earnings for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1973 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Hamilton, January 15, 1974.

COOPERS & LYBRAND,
Chartered Accountants



CONSOLIDATED STATEMENT OF GENERAL RESERVE AND RETAINED EARNINGS

for the year ended December 31, 1973

	1973	1972
GENERAL RESERVE:		
Balance—Beginning of year	\$ 600,000	\$ 350,000
Appropriation from retained earnings	155,000	118,750
Premium received on issue of shares of the corporation (Note 3)	45,000	131,250
Balance—End of year	<u>\$ 800,000</u>	<u>\$ 600,000</u>
RETAINED EARNINGS:		
Balance—Beginning of year—Previously reported ..	\$ 137,761	\$ 90,332
Adjustment of prior year's income taxes (Note 4) ..	7,107	7,107
Balance—Beginning of year—Restated	130,654	83,225
Net income for the year	257,912	233,555
	<u>388,566</u>	<u>316,780</u>
Deduct: Dividends	91,125	67,376
Appropriation to general reserve	155,000	118,750
	<u>246,125</u>	<u>186,126</u>
Balance—End of year	<u>\$ 142,441</u>	<u>\$ 130,654</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 1973



1. PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the accounts of the company and its subsidiary.

2. GUARANTEED TRUST ACCOUNT

Included in total assets are assets held for the guaranteed trust account of \$7,516,271 (1972—\$3,369,262), securing the guaranteed trust liabilities of \$7,516,271. (1972—\$3,369,262).

3. CAPITAL STOCK

On December 31, 1973 the uncalled amount on the 125,000 partially-paid shares of \$4 each (issued at \$4.40 per share) was received. The cash consideration was allocated to capital stock and general reserve in the amounts of \$450,000 and \$45,000 respectively.

4. RETAINED EARNINGS

As a result of income tax reassessments applicable to the years 1968 to 1971, the balance of retained earnings at December 31, 1972, previously reported as \$137,761, has been restated to show a retroactive charge of \$7,107 representing the cumulative amount by which income taxes as at December 31, 1971 had been increased.

5. EARNINGS PER SHARE

	1973	1972
Net earnings per common share	\$.51	\$.48

The earnings per share figures are calculated using the weighted monthly average number of shares outstanding during the respective fiscal years.

6. REMUNERATION

The aggregate direct remuneration paid or payable to the directors and officers during the year amounted to \$140,634 (1972—\$115,542).



CONSOLIDATED ANALYSIS OF INVESTMENTS

as at December 31, 1973

CASH AND DEMAND DEPOSITS

Cash on hand and in the bank	\$ 2,752,295
Demand deposits with chartered banks	1,204,286
	<u>\$ 3,956,581</u>

SECURITIES

BONDS

	Mature in	Par	Cost (including amortized discount)	Market
Government of Canada	1974	\$ 25,000	\$ 25,000	\$ 25,436
	1975	120,000	119,633	117,060
	1977	350,000	355,153	347,255
	1979	250,000	246,104	240,625
	Beyond 1983	50,000	48,938	37,500
		<u>795,000</u>	<u>794,828</u>	<u>767,876</u>
Canadian Provinces	Beyond 1983	325,000	323,735	267,500
Canadian Municipalities	1974	5,000	4,814	4,650
	1975	6,000	5,760	5,610
	1976	31,000	30,809	30,610
	1979	5,000	4,860	4,300
	1985	10,000	8,917	8,150
		<u>57,000</u>	<u>55,160</u>	<u>53,320</u>
Canadian Corporations	Beyond 1983	400,000	399,184	367,000
		<u>1,577,000</u>	<u>1,572,907</u>	<u>1,455,696</u>
Accrued interest		30,570	30,570	30,570
		<u>\$1,607,570</u>	<u>\$1,603,477</u>	<u>\$1,486,266</u>

SHORT-TERM NOTES*

Short-term notes of Canadian Corporations and
Financial Institutions

— Due January 1, 1974	\$ 10,000
— Due January 15, 1974	496,328
— Due January 21, 1974	1,142,995
— Due January 28, 1974	297,484
— Due January 30, 1974	200,000
— Due February 19, 1974	489,820
	<u>2,636,627</u>
Accrued interest	26,324
	<u>\$2,662,951</u>

*These notes are callable on demand prior to maturity at option of Fidelity.

CONSOLIDATED ANALYSIS OF INVESTMENTS (continued)

as at December 31, 1973

**LOANS****DEMAND LOANS**

With Investment Dealers:

Secured by 105% or more market value of Government of Canada and Provincial guaranteed bonds and other marketable securities (4 loans)	\$ 1,785,000
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With Customers:

Secured by 100% or more of Fidelity Mortgage and Savings debentures, deposits and other marketable securities (153 loans)	909,658
Secured by other security and assets (48 loans)	285,581

2,980,239

Accrued interest	21,955
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\$ 3,002,194**MORTGAGES**

PRINCIPAL BALANCE AND YIELD

2,119 loans with an average yield of 9.49% (December 31, 1972 — 9.72%)	\$55,637,744
Accrued interest	365,671
	<u>\$56,003,415</u>

MATURITIES

	Amount	Percentage
1974	\$ 5,036,850	9.0
1975	7,250,324	13.0
1976	9,004,641	16.2
1977	10,740,646	19.3
1978	20,680,661	37.2
1979-1983	2,425,349	4.4
Beyond 1983	499,273	.9
	<u>\$55,637,744</u>	<u>100.0</u>



CONSOLIDATED ANALYSIS OF INVESTMENTS (continued)

as at December 31, 1973

CLASS OF SECURITY

	Number of loans	Amount	Percentage
Single Family Dwellings			
Under \$10,000	322	\$ 2,898,544	5.2
Between \$10,000 - \$20,000	967	14,374,313	25.8
Over \$20,000	616	17,458,738	31.4
	<u>1,905</u>	<u>34,731,595</u>	<u>62.4</u>
Multiple Dwellings			
Under \$50,000	43	1,815,355	3.2
Between \$50,000 - \$100,000	38	2,771,071	5.0
Over \$100,000	50	10,903,246	19.6
	<u>131</u>	<u>15,489,672</u>	<u>27.8</u>
Commercial and Industrial			
Under \$50,000	42	1,124,276	2.0
Between \$50,000 - \$100,000	26	1,535,893	2.8
Over \$100,000	15	2,756,308	5.0
	<u>83</u>	<u>5,416,477</u>	<u>9.8</u>
	<u>2119</u>	<u>\$55,637,744</u>	<u>100.0</u>

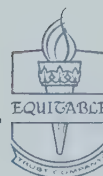
Average loan amount — \$26,257.

GEOGRAPHICAL LOCATION

	Number of loans	Amount
Hamilton and area	835	\$19,631,372
Brantford and area	380	8,049,095
Burlington and area	279	6,737,358
Guelph and area	237	8,245,278
Niagara Peninsula and area	143	5,262,528
Brampton—Oakville and area	100	2,663,414
Toronto and area	73	3,067,001
Georgian Bay and area	26	586,634
Simcoe and area	25	713,253
Caledonia and area	21	681,811
	<u>2119</u>	<u>\$55,637,744</u>

CONSOLIDATED ANALYSIS OF INVESTMENTS (continued)

as at December 31, 1973



UNADVANCED PORTIONS OF LOANS

The aggregate sum of \$1,428,535 remains to be advanced in respect of 67 loans.

OUTSTANDING LOAN COMMITMENTS

A total of 95 loans having an aggregate principal amount of \$4,242,715 have been committed by the Companies on which no funds have been advanced.

ADMINISTRATION

Method of Payment:

Substantially all loans are repayable by combined monthly payments of principal, interest and taxes. The principal payments are based on fifteen to thirty year amortization plans, except for one loan which is amortized over thirty-five years.

Taxes:

As at January 18, 1974, all taxes due up to and including December 31, 1973 have been paid on all properties secured by the loans.

Delinquencies:

There is one mortgage under power of sale action.

As at January 18, 1974, all mortgage payments due up to and including December 31, 1973 have been received except for payments aggregating \$18,842 in respect of three mortgages, including the mortgage under power of sale action.

ANALYSIS OF DEBENTURE AND GUARANTEED INVESTMENT CERTIFICATE MATURITIES

	Amount	Percentage
1974	\$ 5,753,232	14.0
1975	4,744,672	11.5
1976	8,864,284	21.6
1977	9,134,363	22.2
1978	12,602,207	30.7
Beyond 1978	15,031	—
	<u>41,113,789</u>	<u>100.0</u>
Accrued interest	<u>1,697,410</u>	
	<u>\$42,811,199</u>	

AUDITORS' REPORT

In our opinion, the foregoing analyses of investments and debenture and guaranteed investment certificate maturities are properly drawn up so as to present fairly the state of the Companies' investments and debenture and guaranteed investment certificate maturities as at December 31, 1973.

Hamilton, January 18, 1974.

COOPERS & LYBRAND,
Chartered Accountants



SAVINGS ACCOUNTS

Interest is paid on savings accounts calculated on your minimum monthly balance and credited to your account each April 30th and October 31st. The interest rate currently being paid may be ascertained by enquiry at any of the company's offices.

CHEQUING ACCOUNTS

Interest is paid on all chequing accounts having a minimum half-yearly balance of \$500. No service charges are applied on accounts maintaining such balances. Monthly statements along with cancelled cheques are available to customers requiring them.

CURRENT ACCOUNTS

Interest is paid on current accounts on the minimum half-yearly balance. Statements and cancelled cheques are available on the first business day of each month. Where adequate balances are maintained there is no charge for the issuance of cheques.

DEBENTURES AND GUARANTEED INVESTMENT CERTIFICATES

Interest paid at competitive rates (presently up to 8¾%) on terms from 1 to 5 years. Minimum amount \$100. Interest is paid half-yearly or may be compounded and paid at maturity. Debentures and G.I.C.'s may be cashed at par in the event of the death of the holder, at the option of his or her personal representative.

CONSUMER LOANS

Consumer loans are now available for customers of Fidelity and The Equitable who wish to purchase automobiles, furniture, etc. on the instalment purchase plan. Interest rates on these loans are competitive with other financial institutions offering this facility.

TRUSTEE INVESTMENTS

Deposit Receipts, Debentures and G.I.C.'s are authorized Trustee investments. Trustees may open trust savings or trust chequing accounts with the Company for surplus funds.

SAFETY DEPOSIT BOXES

These are available to our customers at reasonable rates and may be used for the safekeeping of securities, valuable documents or personal articles.



FIRST MORTGAGE LOANS

First mortgage loans are readily available at current rates to assist in the purchase of your new home or for building, remodelling, refinancing or consolidation of outstanding debts.

REAL ESTATE APPRAISALS

Our qualified appraisal staff is available to appraise your property for all purposes.

REAL ESTATE SALES AND PURCHASES

The qualified staff of Fidelity Realty Limited is available to advise and assist in sales or purchases of residential properties and with respect to acquisitions and sales of commercial and realty investments properties.

PROPERTY MANAGEMENT

Our management staff is available to manage your revenue producing properties.

INVESTMENT MANAGEMENT ACCOUNTS

This is a service designed to assist in the care and management of your investments. With this service you will receive on a continuing basis the expert advice of our Investment Committee and this advice will be tailored to your needs and personal objectives.

INVESTMENT CUSTODIANSHIP ACCOUNTS

This service is designed for those who wish to actively supervise their own investment portfolios but who also wish to relieve themselves of the record keeping and other routines entailed in an investment portfolio.

TRUST SERVICES

- Estate planning
- Executor and Trustee under wills
- Administrator where there is no will
- Inter vivos trusts
- Registered Retirement Savings Plans
- Pension Funds administration
- Religious, Educational and Charitable Funds administration

SUNDRY SERVICES

Fidelity and The Equitable offer the many other financial and trust services available elsewhere including save-by mail facilities, travellers cheques, foreign remittances, money orders, etc.



YOU EARN MORE AT FIDELITY-EQUITABLE

Debentures and Guaranteed

Investment Certificates up to - 8½%

Savings Accounts - - - - 6%

Chequing and Current Accounts - 4%

INTEREST RATES ARE SUBJECT TO
CHANGE WITHOUT NOTICE.



MEMBER

CANADA DEPOSIT INSURANCE CORPORATION

FIDELITY-EQUITABLE OFFICES

HAMILTON

Union Gas Bldg.,
20 Hughson St. S., 528-0106
H. B. FULLERTON, Manager
Undermount Bldg.
143 James Street South, 525-1560
J. H. A. MYLES, Manager

BURLINGTON

502 Brant Street at Caroline, 637-8205
R. J. RUMBLE, Manager

BRANTFORD

28 Market Street at Dalhousie, 752-4319
D. J. USSELMAN, Manager

GUELPH

54 St. George's Square, 821-2190
O. RISEBROUGH, Manager

TORONTO

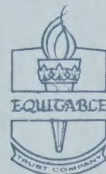
Suite 400, 360 Bay Street, 868-0133



20 HUGHSON ST. S.,
HAMILTON, CANADA,
L8N 2A3



Globe & Mail
140 King St. West
Toronto, Ontario
Attn: The Editor Report on Business



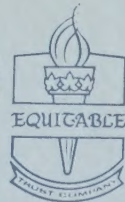
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FIDELITY
MORTGAGE

EQUITABLE
TRUST

CANADIAN-OWNED COMPANIES



CONDENSED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED

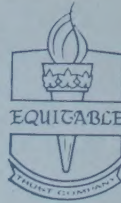
30 JUNE, 1973



FIDELITY | EQUITABLE

MORTGAGE TRUST

CANADIAN-OWNED COMPANIES



To Our Shareholders:

Included herewith is Condensed Financial Information (unaudited) in respect of the six months ended 30th June 1973, with comparative information for the same period of 1972.

After deducting all expenses and charges, an operating profit of \$271,547 was attained, which compares with an operating profit of \$231,888 for the same period of 1972, being an increase of 17% for the period. Provision for income taxes (including current taxes and a transfer to income tax reserve) resulted in a net profit for the period of \$135,652 or 27c per share which compares with a net profit of \$119,443 or 26c per share for the same period of 1972.

During the period the Directors were pleased to declare a dividend of 4c per share for the second quarter of 1973 which was paid 16th July 1973.

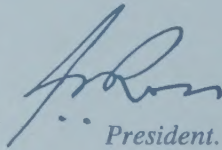
Construction is proceeding satisfactorily on the fifteen storey Fidelity-Equitable Trust office tower at the corner of King and James Streets in the downtown core of Hamilton. Present plans indicate that we will be moving our main Hamilton branch into the ground floor of the building during May 1974 and that the balance of the building will be available for tenants to move in during midsummer of 1974.

During the second quarter interest rates rose dramatically and are still rising. All indications are that the situation will continue into at least the final quarter of the year. This has increased our cost of money, resulting in increased rates for our debentures, GIC's and other deposits. Corresponding increases have been necessary in our mortgage rates. We are hopeful that our interest spreads can be maintained during this period.

Subject to the foregoing, we expect that our net profit during the second half of 1973 should improve over the first half of the year.

Yours faithfully,

Hamilton, Canada,
25th July 1973.


President.

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(UNAUDITED)

CONSOLIDATED OPERATING RESULTS	SIX MONTHS ENDED	
	30 JUNE, 1973	30 JUNE, 1972
Revenue	✓ \$ 2,304,692	✓ \$ 1,780,290
Expenses	2,033,145	1,548,402
Operating Profit	\$ 271,547	\$ 231,888
Provision for income taxes—current	90,985	88,025
—transfer to income tax reserve	44,910	24,420
	\$ 135,895	\$ 112,445
Net Profit	✓ \$ 135,652	✓ \$ 119,443
CONSOLIDATED FINANCIAL POSITION AT	30 JUNE, 1973	
	30 JUNE, 1972	
Deposits, Debentures and Guaranteed Investment Certificates	\$55,050,271	\$40,520,364
Cash, bonds and other liquid assets	\$ 9,114,094	\$ 7,834,133
Mortgages	\$49,687,009	\$36,699,494
Capital and Reserves	\$ 3,175,458	\$ 2,871,942
Total Assets Under Administration	\$70,650,048	\$51,744,373